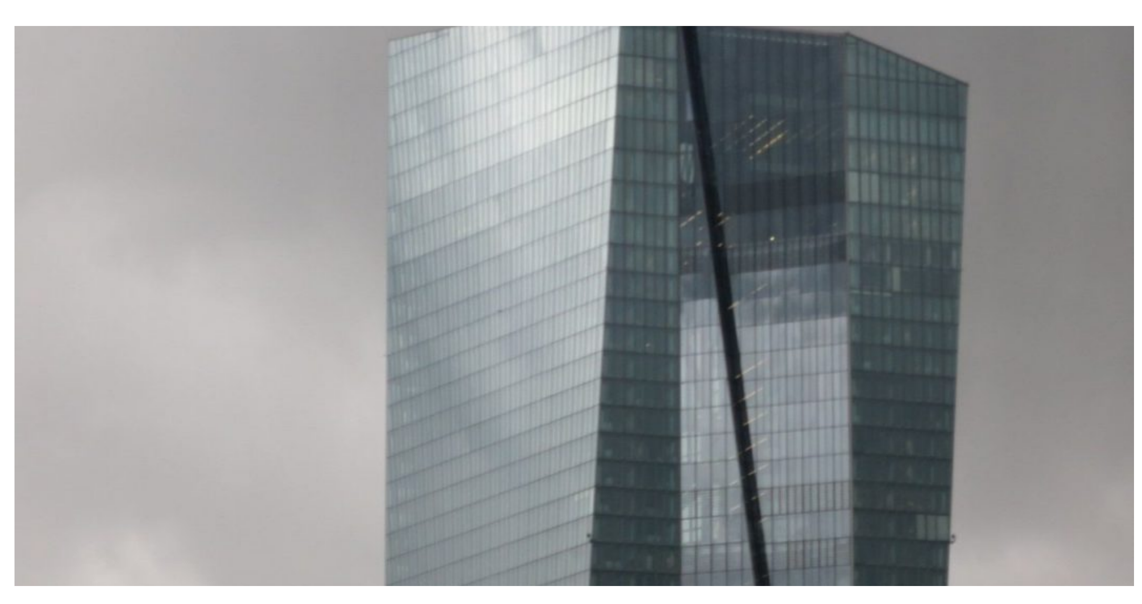






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DEMYSTIFYING FINANCE: HOW TO UNDERSTAND FINANCIALIZATION AND THINK OF STRATEGIES FOR A GOOD SOCIETY

ECONOFICTION CAPITAL, DERIVATE, DERVIVATIVES, FINANCE, MARX, MARXISM

Dimitris P. Sotiropoulos
John Milios
&
Spyros Lapatsioras

1. Introduction
   In a recent special report of the Economist on financial risk it was argued that "the idea that markets can be left to police themselves turned out to be the world's most expensive mistake."1 This rather unexpected remark reflects the fundamental inability of mainstream
   economists to interpret capitalist reality. Contrary to their insights, the world economy turned out to be a much more dangerous place. The recent economic crisis clearly shattered all the mainstream presumptions. However, not only did the latter misinterpret the capitalist reality but they also provided the necessary theoretical bedrock for the organization of thecontemporary forms of class power. This is our main theoretical insight. Not subscribing to the much-discussed scenario that portrays modern finance asunrealistic, hypertrophic and dysfunctional, that is, a distortion of some ideal capitalism, this chapter clearly differentiates itself from the analysis that argues that the current global financial situation is only about speculation and growing separation of finance from the "real" economy.2 It sees financialization as a particular technology that is superimposed upon the existing social power relations in the financial markets in order to organize their functioning. To our point of view this is the true essence of the neoliberal version of capitalism. This process is entirely unthinkable in the absence of (financial) derivatives. The latter are thus not just the "wild beast" of speculation that can add to the instability of the system, but primarily a fundamental prerequisite for the contemporary organization of social power relations. The Marxian conception of fetishism can help us grasp the social content of financialization that relies on financial valuation as result of a particular representation on the basis of risk and the way this valuation reinforces and strengthens the implementation of the "laws" of capital. This reasoning provides the necessary terms to re-think the organization of social resistances. Contemporary capitalism seems too far away from the implementation of any version of a good society. We shall define the later as a society of equality where democratic decision making is widely spread out to as many as possible social domains. In this case, the maldistribution

of social power and wealth, being responsible for the multiple class, national, sex and gender divisions, no longer exists. The main problem today is that the idea of good society is totally absent from the policy discussions, even the heterodox ones. Nevertheless, it can be inscribed again in the menu of policy possibilities only if there is reformation and development of contemporary social movements that will dispute in practice the subsuming of social life under the logic of capitalist profit. To our point of view, such a theoretical and material critique of the neoliberal organization of capitalist power shall have as its theoretical
horizon the conception of finance as a public good, questioning the workings of capitalism from the perspective of social needs and democracy.
2. read here